

FIRST COVERAGE WEEKLY SENTIMENT (March 22, 2010)

First Coverage Market Sentiment: Bearish	First Coverage Index: 56.8	Weekly Change: -2.6%	Sell-Side Certainty: Positive
Bullish Industries (7, -1)	Neutral Industries (3, +1)	Bearish Industries (0)	Weekly Sentiment Change
Basic Materials			Bearish, x2
	Consumer Goods		
Consumer Services			
	Financials		Bearish
Health Care			Bearish
Industrials			Bearish
Oil & Gas			Bearish
Technology			
	Telecommunication		
Utilities			Bearish

Market Marches on in March, but Sell-Side Sentiment Takes Big Hit

Is The Sell-Side On to Something?

Even though the market continued its slow but steady progress upward last week, sell-side sentiment took a real hit. Overall, it was down 2.6% for the week. That's measured on the Dow Jones Total US Market. We were concerned a week ago that the start of Senator Dodd's quest for financial regulation might have an impact on sentiment and/or the market in coming weeks. Health care debate may have overshadowed the news on financial regulation last week, but the sell-side may have been looking past resolution of that issue.

Whatever the reason, the sell-side really turned bearish last week. Not only was the overall decline in sentiment greater than usual but also it declined in nine of the 10 industries, with the remaining one, Consumer Goods, only able to hold even. Four of the nine decliners had decreases of 6% or more. It is only one week of major bearishness, but another week like last week might be indicative of something

big to come. Stay tuned next week to see if this was just an anomaly or if we get confirmation of what could turn out to be an early call on the market correction that investors keep worrying about.

Despite a lot of significant economic news, a Fed meeting, and Senator Dodd starting on his quest for financial regulation, the market continued to inch upward on low volume and with volatility remaining near a two-year low. Prices for the index inched up a mere 0.6% for the week. The only down day was Friday. Eight of the 10 industry groups came through with price gains. Only the commodity industries, Basic Materials and Oil & Gas, showed declines.

The market next week could be impacted by the housing data on existing and new home sales if they imply any direction in this highly uncertain area, and of course, the release of durable goods orders will be in the spotlight.

Consumer Services Sentiment Hanging on to Uptrend, but Tech may be in Trouble

We have expressed concern the last few weeks that the Technology and Consumer Services industries, the early year stars this year in positive sell-side sentiment, might be vulnerable to downgrades. Last week, sentiment for Tech and Consumer Services declined 3% and 1%, respectively. The good news was those were modest declines, relative to other industries last week. Even though sentiment for Consumer Services was down 1%, it wasn't enough to push sentiment out of the low end of both its three-month and 17-month upward trends. Price gains last week for the industry were only up 0.9%, but that was slightly ahead of the meager 0.6% gain for the overall market.

The bad news was that the 3% decline in Tech sentiment followed declines of 2% and 7% in the two prior weeks. That three-week down trend is looking like a breakout to the downside of the strong uptrend of the prior three months. Prices also lagged last week in Tech, barely edging out only a 0.2% gain. However, the fundamentals still appear to be strong. The capital goods portion of durable goods orders for February that will be reported next week may shed light on Tech fundamentals.

Upside Breakout for Telecomm Sentiment Still Looking Good, But May be Faltering for Industrials

For several weeks, we have been talking about the upward price potential for the Telecomm and the Industrials industries since it looked like sell-side sentiment appeared to be poised for upside breakouts. Last week they were the industries with the biggest price gains, with both showing gains of about 2%.

Even though sentiment for the Telecomm industry declined last week, the rebound from the sixteen-month sentiment low in January of this year still looks very strong. The less than 2% decline last week in Telecomm sentiment followed a 5% gain the week before. It was not as bad as the declines in seven of the other nine industries last week.

Sell-side sentiment for the Industrials suffered a 5% decline last week that more than offset the 3% gain the week before. The decline may be indicating a breakout to the downside from the strong upward trend of the prior two months. Even if that is confirmed next week, the upward trend of the last thirteen months likely will remain intact.

Financial Industry Sentiment Back in the Tank

The ray of hope since early February that the downtrend in sell-side sentiment for Financials, which had been in place since November 2009, might be reversing was severely dashed last week. Sentiment was reduced by 8%, tied with Health Care for loser of the week. Despite the sentiment gains for Financials in the four weeks prior to last week, we did warn a week ago that Senator Dodd's announcement of moving forward on financial regulation legislation and the publicity and resultant uncertainty that are sure to follow would likely put a damper on any upward breakout in sell-side sentiment for Financials.

Stocks to Watch

Over the last week, the following stocks had the largest bullish and bearish sentiment shifts amongst the sell-side.

Bullish:

Symbol	Company	Industry	Exchange
STX	Seagate Technology Ord Shs	Technology	NASDAQ
FHN	First Tennessee Ord Shs	Financials	NYSE
AGN	Allergan Ord Shs	Health Care	NYSE
TTEK	Tetra Tech Ord Shs	Industrials	NASDAQ
GLDD	Great Lakes Dredge & Dock Ord Shs	Industrials	NASDAQ

Bearish:

Symbol	Company	Industry	Exchange
BSX	Boston Scientific Ord Shs	Health Care	NYSE
AET	Aetna Ord Shs	Health Care	NYSE
ZION	Zions Bancorp Ord Shs	Financials	NASDAQ
CHK	Chesapeake Energy Ord Shs	Oil & Gas	NYSE
SANM	Sanmina-SCI Ord Shs	Industrials	NASDAQ

Until next week ...

About The First Coverage Weekly Street Sentiment

Derived from the aggregated analysis of thousands of actual trade ideas and data being sent in real-time from the sell-side to the buy-side, the First Coverage Weekly Street Sentiment provides a snapshot of market trends and a unique perspective of the mindset of the Street for the week ahead. The following data has been extracted directly from all information transmitted in the past week by sell-side representatives from more than 300 firms submitting information to portfolio and asset managers worldwide via the First Coverage platform.

About First Coverage

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